

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/748
22 February 1982

Special Distribution

Textiles Surveillance Body

REPORT OF THE FIFTEENTH MEETING (1981)^{1/}

1. The Textiles Surveillance Body met on 18 January 1982, to conduct the business of the fifteenth meeting of 1981. This meeting had been postponed from 14 December 1981, because of the heavy programme of meetings of the Textiles Committee at that time.
2. The following members and/or alternates were present: Messrs. Beck, Chau/Hyun, Hobson, Sato, Siraj, Shepherd.
3. The TSB received a message from Mr. Safioen (Indonesia), whose term of office had expired and who had left Geneva at the end of 1981. Members expressed their appreciation of the work of Mr. Safioen as a member of the Body.
4. The draft report of the fourteenth meeting was adopted and has been circulated as COM.TEX/SB/741.

Notifications considered by the TSB at this meeting

Article 3 notification

Austria/Brazil

5. The TSB reviewed a notification from Austria of the extension of its existing Article 3 agreement with Brazil for a one-year period from 1 November 1981 to 31 October 1982. The TSB noted that the growth provided for in this extension was lower than the rate of 6 per cent laid down in Annex B, and that there was no swing between the products covered, as in the original agreement.^{2/}
6. This extension had been agreed in view of the ongoing negotiations for the extension of the MFA. The two parties had agreed that the situation which had prevailed at the time of the negotiation of the original agreement, in 1978, was still existing. In these circumstances, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/743).

^{1/} Hundred and thirtieth meeting overall.

^{2/} The original agreement is contained in COM.TEX/SB/385; the TSB's observations on it are contained in COM.TEX/SB/388, paragraph 8.

Article 4 notifications

(a) Sweden/Thailand

7. The TSB reviewed a notification of a new agreement concluded between Sweden and Thailand, valid for the period 1 July 1981 to 30 June 1983.

8. The TSB took note that the agreement had been concluded on the basis of the MFA, particularly Articles 1:2 and 4 thereof, and the provisions of the 1977 Protocol of Extension.

9. The product coverage of this agreement was the same as that of the previous agreement between Sweden and Thailand (COM.TEX/SB/624). The TSB noted that growth in base levels over the previous agreement, and between the two agreement years, was provided for all categories. The rates of growth provided for were lower than the rate of not less than 6 per cent provided for in Annex B, and this was explained by the need to maintain minimum viable production in Sweden. Nevertheless, the growth rates in all cases were an improvement on those in the previous agreement.

10. The TSB noted the absence of swing in this agreement. It recalled its previous observation that swing was one of the essential elements in bilateral agreements concluded under Articles 3 and 4. The TSB took note of the statement by Sweden that the absence of swing was a reflection of a mutual recognition of the minimum viable production principle. The TSB also observed that the limit of 5 per cent on the cumulative use of carryover and carry forward resulted in lower flexibility than that set out in Annex B.

11. Following its review of this agreement, the TSB agreed to transmit it to the Textiles Committee (COM.TEX/SB/744).

(b) United States/Pakistan

12. The TSB reviewed a notification by the United States of an amendment to its bilateral agreement with Pakistan, concerning increases in consultation levels on Categories 331 (cotton gloves), 348 (cotton trousers for women, girls and infants) and 351 (cotton nightwear), for the period 1 January 1981 to 30 June 1982. The TSB agreed to transmit this amendment to the Textiles Committee (COM.TEX/SB/745).

(c) United States/Korea

13. The TSB received a notification from the United States of an amendment containing certain modifications valid for the year 1981 to its Article 4 bilateral agreement with Korea.

14. These modifications involved, inter alia, a reduction of swing by one percentage point (from 7 to 6 or 6 to 5 per cent respectively), and an agreement by Korea not to utilize carryover and/or carry forward in 1981, for eleven apparel categories. Moreover, it had been agreed to maintain the limit for category 443 (men's and boys' wool suits) at the same level as in previous years, with no growth in this category.

15. The amendment also contained modifications sought by Korea concerning an increase of 7 per cent in the limit for Group I (yarns and fabrics) and increases of 5 per cent in the sublimits for Categories 433/434 (men's and boys' wool coats).

16. Notwithstanding the elements contained in paragraph 15 above, the TSB noted that this was the second successive year where reductions in swing and elimination of carryover/carry forward had been agreed.¹ In this connexion, the TSB once again reiterated the importance it attached to stability of access as embodied in the concept of orderly development of trade in terms of Article 4, paragraph 2 of the MFA.

17. Following its review, the TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/746).

Articles 7 and 8 notification

United States/Mauritius

18. The TSB received a notification from the United States of a new bilateral agreement with Mauritius, a non-participant in the Arrangement, valid from 1 October 1981 to 30 September 1985. This notification was made bearing in mind the request by the Textiles Committee that actions taken vis-a-vis non-participants should be notified to the TSB. This agreement introduced a restriction on exports of a "Knitwear Group" composed of United States' categories 338, 339, 354, 438, 445, 446, 638, 639, 645 and 646 (knitted shirts, T-shirts, blouses and sweaters) taken together. The TSB transmitted this notification to the Textiles Committee for its information (COM.TEX/SB/747).

Article 8 notification

EEC/Korea

19. The TSB received a notification of an agreement reached between the EEC and Korea under Article 8, paragraphs 1 and 2 of the MFA, concerning a provisional settlement of a claim by the EEC on Korea in respect of exports

¹The previous notification concerning such provisions is contained in COM.TEX/SB/628. The TSB's observations on that amendment are contained in COM.TEX/SB/632.

of goods in Categories 8 (shirts), 21 (anoraks, blousons, etc.) and 70 (tights or panty-hose) transhipped through third countries. The TSB took note that consultations between the parties were continuing on certain aspects which had not been finally settled in this agreement, and transmitted this notification to the Textiles Committee (COM.TEX/SB/739).

Information received under Article 11

(a) Korea - Additional information

20. The TSB took note of additional information notified by Korea concerning restrictions maintained on imports of textile products. This information had been requested by the Body following its review of the notification made by Korea under the provisions of Article 11, paragraphs 11, 12 and 2 (COM.TEX/SB/733/Add.15). The TSB agreed to transmit this information to the Textiles Committee as Supplement 1 to the above-mentioned document.¹

(b) El Salvador - Additional information

21. The TSB took note of two notifications received from El Salvador, a non-contracting party to GATT, under the provisions of Article 11, paragraphs 11, 12 and 2. In these El Salvador notified the introduction of restrictions on certain textile items (canvas goods, bed, table and household textile articles) as from November 1980, together with a memorandum on foreign trade and the economy of El Salvador.

22. The TSB, in reviewing these notifications, concluded that El Salvador was not at this stage required to remove its restrictions on textile products. It recalled that participants in the Arrangement, non-contracting parties to GATT, are required to report annually to the TSB on the evolution of restrictions on textiles and clothing, together with supporting data on the state of the economy and the textile industry. The TSB agreed to transmit this information to the Textiles Committee (COM.TEX/SB/733/Add.4/Suppl.1).

(c) Thailand

23. The TSB also received from Thailand additional information clarifying a point contained in Thailand's notification under Article 11 (COM.TEX/SB/733/Add.24) and transmitted it to the Textiles Committee as Supplement 1 to the above-mentioned document.

¹The observations made by the TSB on the status of restrictions maintained by Korea are contained in paragraph 59 of the TSB's Annual Report to the Textiles Committee (COM.TEX/SB/742).